

County of Los Angeles  
**DEPARTMENT OF PUBLIC SOCIAL SERVICES**

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October 14, 2008

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**RECOMMENDATION TO ACCEPT GRANT FUNDS FROM THE STATE  
DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT TO IMPLEMENT  
ASSET BUILDING PROGRAMS  
(ALL DISTRICTS AFFECTED) (4 VOTES)**

**SUBJECT**

Authorize the Director of the Department of Public Social Services (DPSS) to accept Asset Building Initiative Grant funds from the State Department of Community Services and Development (CSD) to offer asset building opportunities to employed CalWORKs participants.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Authorize the Director of DPSS to accept the Asset Building Initiative Grant funds from CSD in the amount of \$25,000.
2. Authorize the Director of DPSS to execute the State Standard Agreement for the Asset Building Initiative Grant funds and any required term extensions, modifications and/or amendments, and to accept additions or reductions in this aforementioned grant, up to 25% of the anticipated grant award.
3. Approve an appropriation adjustment in the amount of \$25,000 to increase the appropriation and revenue in the Administrative Budget. There is no Net County Cost (NCC).

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

CalWORKs participants are among some of the lowest income families in Los Angeles County. They are also highly disadvantaged because they lack a simple and basic financial tool - a bank account. CalWORKs participants are a part of a well-known and growing un-banked and/or under-banked population. It is estimated that 20% to 30% of American households are un-banked. For CalWORKs participants, the percentage may be even higher.

Existing data also confirms the hypothesis that the majority of the un-banked are low-income. For this reason, most studies of the financial behavior of the poor stress the importance of establishing bank accounts as a stepping stone for an overall poverty alleviation strategy.

DPSS will enter into a partnership with United Way of Greater Los Angeles (UWGLA) to offer asset building opportunities to employed, current, and former, CalWORKs participants invited to attend Post-Employment Services (PES) workshops in the Greater Avenues for Independence (GAIN) Program starting in late-fall of 2008. DPSS will request Internal Services Department to process a sole source purchase order to United Way for the \$25,000 grant funds. In addition to this grant, United Way has committed \$500,000 and has secured \$50,000 from Citibank to implement this project. It is anticipated that 500 families will participate in this project, of which, at least 30 to 50 will be employed CalWORKs families. Two specific asset building strategies are going to be made available to these families - Individual Development Accounts (IDA) and Ramp-Up Accelerated Savings Accounts.

An IDA is an asset-building tool that provides a cash incentive for individuals to save towards an appreciating asset, such as a home, small business, or higher education by providing a matched-savings contribution based on the savings pattern of low-to-moderate income working participants. The matching amount for an IDA account varies between 2 to 1 and 5 to 1, depending on the individual's saving goals and objectives: home purchase, micro-enterprise, or higher education.

The Ramp-Up Accelerated Savings Account is a family savings program that is designed to help low-income, un-banked and under-banked households in Los Angeles County to start working with banks, open a free savings account, develop the habit of saving, and after a set number of months, transfer their savings into an introductory transaction account or an asset building account such as an IDA. A Ramp-Up account is similar to a regular savings account in that it can be withdrawn at anytime and for any purpose, except it comes with a higher interest rate.

### **Implementation of Strategic Plan Goals**

The recommended action is consistent with the principles of the Countywide Strategic Plan, Goal 5: Children and Families' Well-Being, as measured by achievements in the five outcome areas adopted by your Board: good health; economic well being; safety and survival; social and emotional well being; and education/workforce readiness. This project will have a positive impact on the economic well being of the low-income population in Los Angeles County.

### **FISCAL IMPACT/FINANCING**

The estimated costs of \$25,000 will be fully funded by the State Department of Community Services and Development. Through an appropriation adjustment, the DPSS Fiscal Year 2008-2009 Administrative Budget will be increased by \$25,000. There is no NCC associated with this Program as it is fully funded by the State.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The purpose of the agreement with the State Department of Community Services and Development is to provide Asset Building Initiative services. The agreement will be executed only after approval by the Chief Executive Office and County Counsel.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommended action will enable CalWORKs participants to improve their chances for economic well-being.


Through this partnership effort with UWGLA, un-banked and under-banked, employed, CalWORKs recipients will be brought into the financial mainstream. Asset building programs, such as Individual Development Accounts and Ramp-Up Accelerated Savings Accounts, will provide these families with bank accounts that will allow them to build assets and ultimately move out of poverty and toward self-sufficiency.

Honorable Board of Supervisors  
October 14, 2008  
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**CONCLUSION**

The Executive Officer, Board of Supervisors, is requested to return one adopted stamped Board Letter to the Director of DPSS.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "P. Browning", is written over a light gray rectangular background.

Philip L. Browning  
Director

PLB:pa

c: Executive Officer, Board of Supervisors  
County Counsel  
Community Action Board